

# Medical Assistance Services

Analyst: Burns

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2003 Total App</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Approp</b>	<b>FY 2005 Request</b>	<b>FY 2005 Gov Rec</b>
<b>BY FUND CATEGORY</b>					
General	237,618,600	236,778,700	256,307,300	295,971,300	295,666,700
Dedicated	36,498,500	70,404,000	48,751,300	56,753,100	56,753,100
Federal	584,320,800	591,971,100	615,337,800	720,218,400	719,824,700
<b>Total:</b>	<b>858,437,900</b>	<b>899,153,800</b>	<b>920,396,400</b>	<b>1,072,942,800</b>	<b>1,072,244,500</b>
Percent Change:		4.7%	2.4%	16.6%	16.5%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	12,598,100	11,585,000	12,954,400	15,270,800	15,408,900
Operating Expenditures	24,954,000	17,879,300	18,474,300	19,008,600	18,364,400
Capital Outlay	55,100	130,700	0	192,200	0
Trustee/Benefit	820,780,700	869,558,800	888,967,700	1,038,471,200	1,038,471,200
Lump Sum	50,000	0	0	0	0
<b>Total:</b>	<b>858,437,900</b>	<b>899,153,800</b>	<b>920,396,400</b>	<b>1,072,942,800</b>	<b>1,072,244,500</b>
Full-Time Positions (FTP)	219.69	234.56	233.56	258.50	258.50

## Division Description

The Division of Medical Assistance has responsibilities that include administering plans to finance and deliver health services for people at risk due to low income and other factors, such as youth, old age, pregnancy, or disability, pursuant to state and federal Medicaid requirements. Additional responsibilities involve licensing and certification of health facilities to meet state and federal requirements and to participate in Medicaid and Medicare.

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## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2004 Original Appropriation</b>	<b>233.56</b>	<b>256,307,300</b>	<b>920,396,400</b>	<b>233.56</b>	<b>256,307,300</b>	<b>920,396,400</b>
Reappropriations	0.00	0	2,408,600	0.00	0	2,408,600
1. CHIP Access Card Program	7.00	288,800	2,688,500	7.00	288,800	2,688,500
Other Approp Adjustments	0.00	0	0	0.00	0	0
<b>FY 2004 Total Appropriation</b>	<b>240.56</b>	<b>256,596,100</b>	<b>925,493,500</b>	<b>240.56</b>	<b>256,596,100</b>	<b>925,493,500</b>
Non-Cognizable Funds and Transfers	17.94	(720,900)	104,536,800	17.94	(720,900)	104,536,800
Expenditure Adjustments	0.00	(15,000,000)	(57,526,400)	0.00	(15,000,000)	(57,526,400)
<b>FY 2004 Estimated Expenditures</b>	<b>258.50</b>	<b>240,875,200</b>	<b>972,503,900</b>	<b>258.50</b>	<b>240,875,200</b>	<b>972,503,900</b>
Removal of One-Time Expenditures	0.00	(255,100)	(102,913,600)	0.00	(255,100)	(102,913,600)
Base Adjustments	0.00	1,000,000	1,000,000	0.00	1,000,000	1,000,000
Additional Base Adjustments	0.00	15,000,000	57,526,400	0.00	15,000,000	57,526,400
<b>FY 2005 Base</b>	<b>258.50</b>	<b>256,620,100</b>	<b>928,116,700</b>	<b>258.50</b>	<b>256,620,100</b>	<b>928,116,700</b>
Personnel Cost Rollups	0.00	126,200	341,000	0.00	126,200	341,000
Inflationary Adjustments	0.00	10,303,300	34,973,100	0.00	10,182,600	34,617,100
Replacement Items	0.00	96,200	192,200	0.00	0	0
Nonstandard Adjustments	0.00	28,604,900	101,799,000	0.00	28,466,100	101,510,800
Annualizations	0.00	128,300	7,386,000	0.00	128,300	7,386,000
Change in Employee Compensation	0.00	49,900	134,800	0.00	101,000	272,900
Fund Shifts	0.00	42,400	0	0.00	42,400	0
<b>FY 2005 Total</b>	<b>258.50</b>	<b>295,971,300</b>	<b>1,072,942,800</b>	<b>258.50</b>	<b>295,666,700</b>	<b>1,072,244,500</b>
Change from Original Appropriation	24.94	39,664,000	152,546,400	24.94	39,359,400	151,848,100
% Change from Original Appropriation		15.5%	16.6%		15.4%	16.5%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2004 Original Appropriation</b>	233.56	256,307,300	48,751,300	615,337,800	920,396,400

## Reappropriations

Reappropriation authority--otherwise known as 'carry over'--allows unspent funds from the prior fiscal year to be carried over and spent in the current fiscal year. 'Carry over' requires specific legislative authorization and must be approved every year. Few appropriations receive reappropriation authority.

Agency Request	0.00	0	2,408,600	0	2,408,600
Governor's Recommendation	0.00	0	2,408,600	0	2,408,600

## 1. CHIP Access Card Program

The CHIP Access Card Program will expand insurance coverage to uninsured children from low-income families. House Bill 376 became effective July 1, 2003 for the Department to begin planning the program. The benefit payments are scheduled to begin July 1, 2004. The new expenses and additional staff are necessary to launch the benefit program in July.

The information technology costs for the required computer system upgrades are \$2.5 million and will be funded by a federal/state split of 90%/10%, subject to federal approval of the program. The only other operating expense request is for \$25,000 to fund an advisory committee. Both of these expenses are one-time.

Seven additional positions will be required for the expanded program. Five of these positions will be funded for six pay periods this year. The project manager position will be filled for the full year, and the program expert position will be filled for 13 pay periods. These new positions are on-going.

ANALYST COMMENT: The statement of purpose in House Bill 376, indicated that there was no fiscal impact on the state's General Fund; and that the Idaho Health Insurance Access Card program would be funded by a portion of the Idaho Insurance Premium Tax, matching federal funds, grants, donations, moneys from other sources, and earned interest income. However, it should be noted that funding from the Insurance Premium Tax will not be made available until June 2004, which impacts the department's ability to have this new program in place by July 1 unless other resources are provided in advance of the startup date.

Agency Request	7.00	288,800	0	2,399,700	2,688,500
Governor's Recommendation	7.00	288,800	0	2,399,700	2,688,500

## Other Approp Adjustments

Realigns FTP between fund sources for future reporting purposes.

Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0

<b>FY 2004 Total Appropriation</b>					
Agency Request	240.56	256,596,100	51,159,900	617,737,500	925,493,500
Governor's Recommendation	240.56	256,596,100	51,159,900	617,737,500	925,493,500

# Medical Assistance Services

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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## Non-Cognizable Funds and Transfers

FTP ADJUSTMENTS: Last session, the legislature eliminated 100 unfunded vacant positions in the department with the total reduction taken from Indirect Support Services. Of this number, a total of 85.01 FTP were subsequently allocated out to other divisions within the department. Medicaid's allocated reduction amounted to 6.06 FTP. However, the Governor has subsequently approved an increase of ten positions for Medicaid this year. Of this number, six will be used to increase cost audit settlements, third party recovery efforts, and create a disease management program; two positions have been added to oversee contracted vendors; one position will be used to validate the appropriateness of treatment and the accuracy of service payments; and one position will be used to write a two-year self-determination pilot project waiver as authorized by the legislature in 2003. In addition, fourteen FTP associated with prior authorization functions have been transferred from Community Developmental Disabilities to this program.

### FTP ADJUSTMENT SUMMARY:

- 6.06 Allocated reduction of vacant positions.
- +10.00 Governor's authorized increase.
- +14.00 Transferred from Community Developmental Disabilities.
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- +17.94 NET FTP CHANGE

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GENERAL FUND ADJUSTMENTS: Transfers \$1,000,000 out to Indirect Support Services for Medicaid's share of the new Case Management Information System (CAMIS) project on prior authorization, care management, and Medicaid eligibility functions; and transfers in \$279,100 from Community Developmental Disabilities. This latter transfer is associated specifically with prior authorization functions.  
[Net Change: - \$720,900]

DEDICATED FUND ADJUSTMENTS: Drug rebates for the Medicaid program are expected to increase by \$6,634,200 for fiscal year 2004.

FEDERAL FUND ADJUSTMENTS: Reflects an increase of \$91,160,000 in additional federal funds due to adjustments in the Federal Medical Assistance Percentage (FMAP) rate passed by Congress that is in effect through June 30, 2004. The federal match for Idaho went from 70.46% up to 73.91%. It also includes \$6,798,400 in additional one-time federal funds that were generated as a result of carryover; \$1,025,000 in ongoing federal funds to finish the pharmacy project and implement a new pharmacy system; and a reduction of \$359,900 in federal match lost as a result of transferring moneys to Indirect Support Services for Medicaid's share of the new Case Management Information System (CAMIS) project.

Net Change: + \$98,623,500]

Agency Request	17.94	(720,900)	6,634,200	98,623,500	104,536,800
Governor's Recommendation	17.94	(720,900)	6,634,200	98,623,500	104,536,800

## Expenditure Adjustments

Adjusts current year expenditures based upon projected 2004 provider payments. The department is requesting that these one-time moneys be carried over into fiscal year 2005.

Agency Request	0.00	(15,000,000)	0	(42,526,400)	(57,526,400)
Governor's Recommendation	0.00	(15,000,000)	0	(42,526,400)	(57,526,400)

FY 2004 Estimated Expenditures					
Agency Request	258.50	240,875,200	57,794,100	673,834,600	972,503,900
Governor's Recommendation	258.50	240,875,200	57,794,100	673,834,600	972,503,900

# Medical Assistance Services

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Removal of One-Time Expenditures</b>					
Remove funding provided for one-time items.					
Agency Request	0.00	(255,100)	(2,430,200)	(100,228,300)	(102,913,600)
<i>Governor's Recommendation</i>	0.00	(255,100)	(2,430,200)	(100,228,300)	(102,913,600)

## Base Adjustments

Transfers funding from Indirect Support Services that was used for the purpose of automating Medicaid's share of the new Case Management Information System (CAMIS) project on prior authorization, care management, and Medicaid eligibility functions.

Agency Request	0.00	1,000,000	0	0	1,000,000
<i>Governor's Recommendation</i>	0.00	1,000,000	0	0	1,000,000

## Additional Base Adjustments

Reflects anticipated carryover in provider payments, if approved, along with corresponding federal match. These are one-time moneys that will need to be replaced in fiscal year 2006 in order to maintain current levels of service.

Agency Request	0.00	15,000,000	0	42,526,400	57,526,400
<i>Governor's Recommendation</i>	0.00	15,000,000	0	42,526,400	57,526,400

## FY 2005 Base

Agency Request	258.50	256,620,100	55,363,900	616,132,700	928,116,700
<i>Governor's Recommendation</i>	258.50	256,620,100	55,363,900	616,132,700	928,116,700

## Personnel Cost Rollups

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are: health insurance rates which are projected to increase by 17 percent, from \$5,548 to \$6,493 per employee; and retirement system (PERSI) rates that will increase by over 6% to 10.39 and 10.73 percent of salary for regular and police/firefighter members, respectively.

Agency Request	0.00	126,200	0	214,800	341,000
<i>Governor's Recommendation</i>	0.00	126,200	0	214,800	341,000

## Inflationary Adjustments

Includes \$356,000 (\$120,700 General Fund) for a general inflationary increase of 1.9%, and \$34,617,100 (\$10,182,600 General Fund) for a medical inflationary increase of 3.5%.

Agency Request	0.00	10,303,300	0	24,669,800	34,973,100
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*The Governor recommends no increase for general inflation, and a 3.5% increase for medical inflation.*

<i>Governor's Recommendation</i>	0.00	10,182,600	0	24,434,500	34,617,100
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## Replacement Items

Provides \$179,600 (\$89,900 General Fund) to replace eight vehicles, and \$12,600 (\$6,300 General Fund) to replace 20 desktop computers and five monitors.

Agency Request	0.00	96,200	0	96,000	192,200
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*Not recommended by the Governor.*

<i>Governor's Recommendation</i>	0.00	0	0	0	0
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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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## Nonstandard Adjustments

1. MEDICAID CASELOAD & UTILIZATION: The average monthly caseload in fiscal year 2004 is estimated to be 162,938. This represents an increase of 6.7% from the previous year. Caseload is expected to rise by another 7.4% in fiscal year 2005 to a total of 174,986, or 12,048 more clients. The cost of projected utilization and caseload growth, which cannot be covered by standard inflation, is \$85,284,600 (\$25,056,600 General Fund). Estimates are based on data as of September 24, 2003.

2. ACCESS CARD IMPACT: When the original CHIP program was first implemented, for every new CHIP client added, four more qualified under the normal Medicaid program. With the implementation of the new Access Card Program, officials estimate that for every client that qualifies under this program, two more will qualify for either the regular CHIP program or for services under Medicaid. As a result, the original CHIP program will see an expansion of 4,573 clients and the Medicaid program will grow by an additional 1,524 at a cost of \$16,226,200 (\$3,409,500 General Fund).

3. BUILDING SERVICE SPACE CHARGES: Building service space charges are expected to increase by \$288,200 (\$138,800 General Fund).

Agency Request	0.00	28,604,900	0	73,194,100	101,799,000
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*The Governor recommends no adjustment to building space charges for state agencies.*

Governor's Recommendation	0.00	28,466,100	0	73,044,700	101,510,800
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## Annualizations

Annualizes the supplemental request for implementing the CHIP Access Card program.

Agency Request	0.00	128,300	1,389,200	5,868,500	7,386,000
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Governor's Recommendation	0.00	128,300	1,389,200	5,868,500	7,386,000
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## Change in Employee Compensation

Reflects the cost of a 1% salary increase for permanent and group positions.

Agency Request	0.00	49,900	0	84,900	134,800
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*The Governor recommends a compensation increase of 2% to be distributed based on merit. No adjustment to the pay line is recommended.*

Governor's Recommendation	0.00	101,000	0	171,900	272,900
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## Fund Shifts

Shifts moneys from federal funds to the General Fund due to a change in the composite Federal Medical Assistance Participation (FMAP) rate, which has gone from 70.585% to 70.580%.

Agency Request	0.00	42,400	0	(42,400)	0
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Governor's Recommendation	0.00	42,400	0	(42,400)	0
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## FY 2005 Total

Agency Request	258.50	295,971,300	56,753,100	720,218,400	1,072,942,800
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Governor's Recommendation	258.50	295,666,700	56,753,100	719,824,700	1,072,244,500
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## Agency Request

Change from Original App	24.94	39,664,000	8,001,800	104,880,600	152,546,400
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% Change from Original App	10.7%	15.5%	16.4%	17.0%	16.6%
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## Governor's Recommendation

Change from Original App	24.94	39,359,400	8,001,800	104,486,900	151,848,100
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% Change from Original App	10.7%	15.4%	16.4%	17.0%	16.5%
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# Medical Assistance Services

## Issues & Information

Analyst: Burns

### FISCAL IMPACT OF NEW CHIP (B) ACCESS CARD PROGRAM

Description	FTP	General	Dedicated	Federal	Total
FY 2004 Medicaid Supplemental	7.00	288,800	0	2,399,700	2,688,500
FY 2004 Eligibility Supplemental	20.00	126,700	0	154,900	281,600
<b>FY 2004 Total Impact</b>	<b>27.00</b>	<b>415,500</b>	<b>0</b>	<b>2,554,600</b>	<b>2,970,100</b>
FY 2005 Base Adjustments	0.00	(255,100)	0	(2,269,900)	(2,525,000)
<b>FY 2005 Base</b>	<b>27.00</b>	<b>160,400</b>	<b>0</b>	<b>284,700</b>	<b>445,100</b>
Medicaid Supp. Annualization	0.00	128,300	1,389,200	5,868,500	7,386,000
Eligibility Supp. Annualization	0.00	421,200	0	514,800	936,000
Medicaid Caseload	0.00	3,409,500	0	12,816,700	16,226,200
<b>FY 2005 Total Impact</b>	<b>27.00</b>	<b>4,119,400</b>	<b>1,389,200</b>	<b>19,484,700</b>	<b>24,993,300</b>

### MEDICAID CASELOAD & IMPACT OF NEW CHIP (B) ACCESS CARD PROGRAM

Fiscal Year	Medicaid	CHIP A	CHIP B	Total
FY 2001	113,452	9,336	0	122,788
FY 2002	130,086	11,871	0	141,957
FY 2003	141,318	11,361	0	152,679
FY 2004	152,125	10,813	0	162,938
<b>FY 2005 Base Caseload</b>	<b>164,801</b>	<b>10,185</b>	<b>0</b>	<b>174,986</b>
CHIP B (New Access Card Program)	0	0	3,049	3,049
CHIP B Impact on Medicaid & CHIP A	1,524	4,573	0	6,097
<b>FY 2005 Total Medicaid Caseload</b>	<b>166,325</b>	<b>14,758</b>	<b>3,049</b>	<b>184,132</b>

House Bill 376 established a new CHIP Access Card program within Medicaid to expand insurance coverage to uninsured children from low-income families. The benefit payments are scheduled to begin July 1, 2004. The department is estimating that 27 new positions will be required to implement this new program. Of this number, seven are being requested in the Medicaid program and 20 are requested for eligibility determination. In addition, it is estimated that \$2.5 million will be required for computer system upgrades that will be funded by a federal/state split of 90%/10%, subject to federal approval of the program. The only other operating expense is \$25,000 to fund an advisory committee. When the original CHIP program was first implemented, for every new CHIP client added, four more qualified under the normal Medicaid program. With the implementation of the new Access Card program (CHIP B), officials estimate that 3,049 clients will be served by this new program. However, it is also estimated that for every client that qualifies under this new program, two more will qualify for either the regular CHIP program or for services under Medicaid. As a result, the original CHIP program will see an expansion of 4,573 clients and the Medicaid program will grow by an additional 1,524 at a cost of \$16,226,200 (\$3,409,500 General Fund). The overall fiscal year 2005 General Fund impact is \$4.1 million.